



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

August 14, 2009

Charles Witherington, Vice President & General Manager
VVP America Inc./Vitro America
13007 Crossroads Parkway South
City of Industry, CA 91746

Dear Mr. Witherington:

RE: FINAL MONITORING REPORT for VVP AMERICA INC./VITRO AMERICA (ET08-0147)

Date of the Visit:	08/07/09 (on-site) and 08/14/09 (desk review)
Beginning/Ending Time:	9:30 a.m. - 12:00 p.m. and 1:30 - 3:00 p.m.
Date of Last Visit:	06/12/09
Visit Locations:	City of Industry
Persons in attendance:	Juan Escobar, Director of Human Resources, Vitro America Maggie Menzel, Consultant Margarita M. Paccereilli, ETP Contract Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	08/07/07 – 08/06/09	Agreement Amount:	\$815,652
Training Start Date:	08/13/07	No. to Retain:	278
Date Training must be Completed:	05/06/09	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	163

FINAL REPORT SUMMARY

A final monitoring visit was conducted on August 7, 2009. However, Ms. Paccereilli was unable to closeout your contract at that time due to several action items found during the records review. Ms. Menzel, your administrative subcontractor, requested additional time to go over the records. Ms. Paccereilli gave her an opportunity to review the training records, make the necessary corrections, and provide ETP any documentation relating to the cited records.

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ETP (04/15/05)

Mr. Escobar agreed to make sure that Ms. Menzel thoroughly reviews all training records and corrections made by August 14, 2009. A desk review was completed by the Analyst that day.

FINAL REPORT SUMMARY

- **HISTORY OF AGREEMENT CHANGES**

This Agreement was executed on September 21, 2007 and training began on August 13, 2007. Your project staff reported that all training was completed on May 5, 2009, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement - August 6, 2009.

- **FINAL PROJECT STATISTICS/RECORDS REVIEW**

During the records review conducted on August 7, 2009, the Analyst found several data entry errors in the ETP Online Tracking System. Based on a random sampling of the training records, the Analyst found several class/lab hours that Ms. Menzel did not enter online which could have resulted in a loss of potential earnings of about **\$4,428**. In addition, there were several rosters not completed in accordance with ETP requirements and recurring action items not corrected from the last monitoring visit. The action items cited during the on-site visit are as follows:

- 1) Discrepancies between the total training hours posted online and the total hours based on the start/end time listed on the roster.
- 2) Several trainees' first name listed on the rosters did not match the names posted on the ETP Online systems.
- 3) Training hours were posted online, but the attendance rosters were missing (May 3, 2008; May 5, 2008; June 5, 2008; and September 11, 2008). These hours will be deleted in the ETP online system.
- 4) Ms. Menzel entered hours for training conducted on February 11 and 12, 2008 even though there was only one roster listing both dates (Roster# 433) using a Daily Attendance Roster with one trainee and trainer signature. A secondary documentation (training calendar) was provided to the Analyst, but it was not accepted because the date of the calendar shows June 16, 2009 which was after the fact. Your staff agreed to delete one training date online.

On August 14, 2009, Ms. Menzel informed the Analyst via email that she had reviewed all attendance rosters and updated the records online. After corrections have been made, additional 565 hours were entered online adding **\$10,170** to the projected earnings. Based on the ETP Online Tracking System, there are 11,081.45 class/lab hours eligible for reimbursement assuming all other Agreement requirements are met. Total projected earnings will be **\$199,466**, which represents 24% of the Agreement amount.

The Analyst conducted a random sampling of the records online and verified that the data had been corrected. However, your staff was advised that these findings are based only on the training records reviewed during the August 7 visit and desk review, and represents only a sample of the training records completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes.

Project Statistics Provided By The Contractor

Trainees Started Training:	395	Completed Training:	157
Trainees Enrolled:	395	Completed Retention:	157
Dropped/To be Dropped Following Enrollment:	238	In Retention Period:	0

The ETP Contract Status Report shows that there are currently 284 active trainees in this Agreement. However, the ETP Online Tracking System shows that there are only 157 trainees who completed the minimum class/lab hours required in this Agreement. At this time, all trainees must either be dropped or invoiced for final payment.

By the terms of the agreement the final contract closeout must be completed within 30 days of the end term date of the Agreement. Since this Agreement ended on August 6, 2009, the final contract closeout invoice and associated documents must be submitted to ETP on or before the close of business on September 8, 2009 (Labor Day holiday considered).

The projected completions of 157 were based on the variable training plan in this Agreement, in which reimbursement is based on the total actual number of training hours completed by each trainee between 24 and 200 class/lab training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the required curriculum.

• **INTERVIEW WITH CONTRACTOR'S REPRESENTATIVES**

According to Mr. Escobar, the low completion rate was due to the company's move to a new 150,000 sq. ft. facility in the City of Industry. Five VVP facilities in Santa Fe Springs (two distribution centers, production, call center/customer service, and administration) consolidated and moved to the new facility, which slowed down the ETP training during the latter part of 2008 until the beginning of 2009.

Although your company did not complete 100 percent, Mr. Escobar reported that the training has been instrumental in improving your business performance despite challenges brought by the downturn on the economy in California. The training program for the new equipment and software in the new facility increased the company's productivity by 30%, equipment efficiencies by 25%, and on time delivery by 20% while reducing rejects and re-work by 15%.

According to Mr. Escobar, today's customers are interested in both high quality products and better service delivery. Even though times are financially restrictive for the customer; price is no longer the only factor that differentiates between who gets the order and who doesn't. The value of quality service from start to finish often is the deciding factor. He also added that the training provided to employees funded by the ETP program has helped the company

to make this difference in your sector of the marketplace. He stated that your company is grateful for the opportunity and the competitive edge given by the ETP program.

Another benefit that the training has brought is the improvement in the level of communication among the different departments involved in the manufacturing process. This boost in communication was a determining factor in timely, reliable, and superior on time product delivery and quality. He also stated that teamwork also has improved tremendously as a result of the training. An environment of "team players working together toward fulfilling the customers' needs" is now the primary goal of the organization.

Mr. Escobar also stated that ETP staff had been very helpful in giving the company pertinent advice throughout the process. He also commends the ETP for making the whole application process for obtaining contracts easier for businesses and streamlining the program and the monitoring process. He stated that the web base system is user-friendly and very helpful for contract administration, too.

OUT-OF-STATE VENDOR

At the last monitoring visit, Ms. Paccarelli found several training sessions conducted by LISEC, an out-of-state training vendor. Title 22, California Code of Regulations, Section 4421, states that: "Except as otherwise provided, the Panel shall not reimburse an employer or contractor for any costs associated with an out-of-state vendor, either through a budget or the Fixed Fee Rate Table, if those costs are for services, such as training."

According to Mr. Escobar, your company purchased new equipment from Lisec, a European manufacturer. This new tempering, cutting and automatic insulation equipment will produce more efficient glass products such as "Low e" and other "Green" products for better insulation and reduce building heating and cooling costs. The Analyst was informed that your company paid \$60,000 for training on this specialized equipment, which is proprietary and there are no trainers available in California. The training can only be provided by Lisec based in Minneapolis. The training conducted by this out-of-state vendor was approved because it is unique and not available in California. In addition, there are only 471 training hours which represents less than 5% of the overall training hours provided in this Agreement.

AUDIT

Your company will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccarelli at (818) 755-1317 or by email at mpaccarelli@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Wally Aguilar, Program Manager
North Hollywood Regional Office

Signature on file

Margarita M. Paccarelli, Contract Analyst
North Hollywood Regional Office

cc: David Guzman, Chief, ETP Audit & Program Operations Division (via email)
Kulbir Mayall, ETP Fiscal Manager (via email)
Juan Escobar, Vitro America (via email)
Maggie Menzel, Consultant (via email)
Master File
Project File

Date report mailed to Contractor 8/20/09